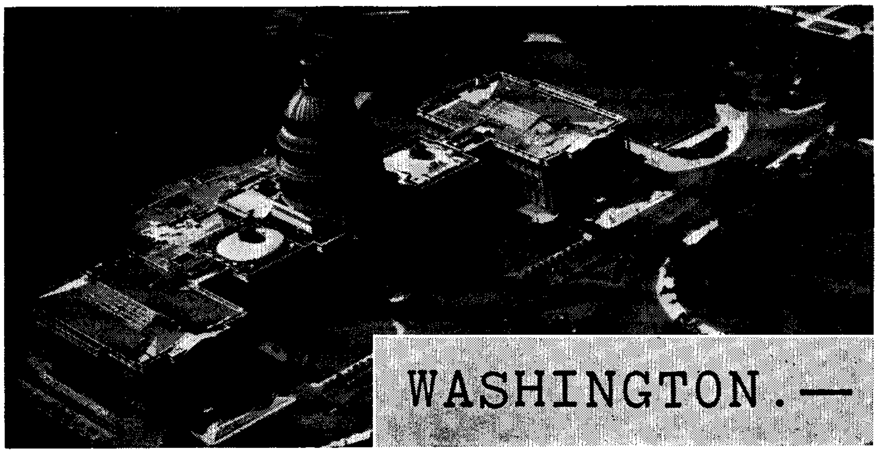

Price support battle shaping up in Congress as House committee votes to keep high props through 1955

THE TIME FOR DECISION on flexible *vs.* rigid price supports is at hand, with strong indications that a one year extension of present high supports will be voted by Congress.

President Eisenhower's plan for a sliding scale of supports, ranging from 75 to 90% of parity, received a sharp setback when the House Agriculture Committee voted to continue the present 90% support through 1955. The vote was 21 to 8 in favor of writing the extension into the omnibus farm bill which will be considered by the entire House.

If this program is passed by Congress, Secretary of Agriculture Ezra Taft Benson has said he will recommend that the President veto the measure. Mr. Eisenhower indicated he will stand by his program at a recent press conference.

Some congressional opposition to the President's program seems to stem from the belief that farmers will not back the Republican Party in the fall elections if high supports are dropped. Republican Congressmen in farm states are loath to come out in favor of a proposal that certain farm leaders have roundly blasted as a betrayal of the farmer.

Republicans in Congress face the dilemma that they must support their party leader and President on one hand and some of their farming constituents on the other. The fact that many Democratic legislators have vocally called for continued high supports is also a problem.

The dilemma can be resolved, however. It is possible for the President's program to be defeated in Congress, but still be put into practice. In that way, members of Congress from critical farm states would be on record as opposing lowered supports. At the same time the Eisenhower farm plan would be adopted, even if by default.

Here's how it would work. Under existing law, a sliding scale of supports goes into effect after the present crop year. This was provided for in the Agricultural Acts of 1948 and 1949. Flexible support provisions of the Acts were suspended during the Korean mobilization period, but they will be restored automatically in 1955. New legislation is necessary if the present rigid 90% supports are to be continued next year.

Knowing this, Congress could pass new bills calling for the high support level. But if the President should veto the measures, as there are indications he would, there is a good chance that the flexible system would prevail. With Congress striving for an early adjournment, it might be difficult for those favoring rigid supports to muster sufficient strength to override the veto.

Another possibility suggested by Senate majority leader William Knowland (R-Calif.) is that Congress may be deadlocked on the issue and will not pass the necessary legislation to retain high supports. Such a deadlock also would allow the President's program to take effect.

Opponents of flexible supports on the Agriculture Committee meanwhile are trying to draft a bill which would be as veto-proof as possible. There are indications that if the President wants Congress to enact other of his farm proposals—such as modernized parity and direct subsidies to wool growers—he will have to accept a "package" bill which includes high supports.

The committee already has approved an Administration plan for a gradual changeover to modernized parity in 1956. Present parity figures are based on the 1910–14 period for basic crops. Under the modernized plan, parity would be calculated on the most recent 10-year period.

Shipment of $1.3 billion worth of farm surpluses to foreign countries, another Eisenhower proposal, has been approved by the House. A similar bill has been passed by the Senate, although this version calls for disposal of only $500 million worth abroad. Final action probably will tend toward House version which calls for $1 billion of the surplus to be exchanged for foreign currencies and $300 million distributed as "good will" gifts to needy nations.

In another action, the Agriculture Committee raised the support price on wool. Under the new plan wool producers will receive approximately 62 cents a pound, compared with the present 53 cents. The wool program, another of the Administration's requests, was adopted by the committee "without objection." It already has been passed by the Senate.

Butter Supports Raised

The Agriculture Committee has come up with a plan which is looked upon as a cure-all for the aggravated butter problem. The first move was to vote an increase in the dairy price support from 75 to 80% of parity, effective Sept. 1 and running through April 1 of next year. This would partially offset Secretary Benson's cut in support prices from 90 to 75%, which was put into effect this spring.

This action, while assuring the farmer of a higher price for his products, probably would not be popular with the consumer, who has recently become accustomed to lower butter prices. USDA sources say the 5% increase in price supports could roughly be translated into increased retail prices of about three cents a pound for butter and approximately half that for cheese. This would be the situation unless additional steps were taken.

To satisfy the consumer, the committee voted approval of a modified "Brannan Plan." Dairy prices would be allowed to find their own level in the marketplace. From current indications, butter might drop in price to around 40 cents per pound—nearly 30 cents under present levels.

Direct cash payments would be paid to producers or processors if the market price did not yield 80% of parity. The difference between the price to the consumer and the support level would be made up by the taxpayer.

This plan, its supporters maintain, still would be less costly than the present system of buying up surpluses and storing them for long periods. Storage costs on present stocks of government-owned farm products are running close to three quarters of $1 million each day. Unless some plan is begun to reduce these stocks, such as the foreign shipment plan discussed earlier, the stocks will remain in storage indefinitely.